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IN THE

# Supreme Court of the United States

OCTOBER TERM, 1960.

No.

THE SEVEN-UP COMPANY,

*Petitioner,*

*vs.*

THE O-SO GRAPE COMPANY, ET AL.,

*Respondent.*

## PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

*To the Honorable the Chief Justice of the United States and the Associate Justices of the Supreme Court of the United States:*

Petitioner, The Seven-Up Company, plaintiff in the District Court, appellant below, prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Seventh Circuit, entered in the above-entitled case on October 12, 1960.

## I.

### CITATIONS TO OPINIONS BELOW.

The judgment of the District Court appears at page 96 of Plaintiff's Appendix. No opinion was filed by the District Court respecting the dismissal of the complaint from

which petitioner appealed. The opinion of the Court of Appeals, printed in Appendix A hereto (p. 17), is reported at 283 F. 2d 103.

## II.

## JURISDICTION.

The judgment of the Court of Appeals was entered on October 12, 1960 (App. B., *infra*, p. 23). Rehearing was denied on November 18, 1960 (App. C., *infra*, p. 25). The jurisdiction of this Court is invoked under 28 U. S. C., Section 1254(1) and 15 U. S. C., Section 1122.

## III.

## QUESTIONS PRESENTED.

A. Whether, in an action for trademark infringement, laches summarily bars injunctive relief notwithstanding alleged, continuing and future, intended deception of the public.

B. Whether the court has a duty to protect the public against continuing and future intended trademark deception notwithstanding plaintiff's laches.

C. Whether an offered and accepted judgment under Rule 68 of the Federal Rules of Civil Procedure, disposing of a separate trial of the issue of laches, must be limited to its terms, or instead may be subsequently extended by the court beyond those terms.

D. Whether laches is a defense in an action to enjoin infringement of a trademark which has become incontestable under the Lanham Trademark Act (15 U. S. C. 1115(b)).

## V.

## STATUTES INVOLVED.

The statutory provisions involved are Sections 32(1) and 33(b) of the Lanham Trademark Act, Title 15 U. S. C. 1114(1) and 1115(b) (App. D., *infra*, p. 26). Also involved is Rule 68 of the Federal Rules of Civil Procedure (App. D., *infra*, p. 28).

## V.

## STATEMENT.

This action is for trademark infringement, unfair competition, and trademark dilution respecting plaintiff's incontestable, federally registered trademark SEVEN UP (7 UP). The jurisdiction of the District Court was invoked because it arises under the Lanham Trademark Act, 15 U. S. C. 1122, and is a diversity action involving the jurisdictional amount.

The action arises out of defendants' alleged emphasis and use of the trademark BUBBLE UP. The parties' products are lemon-lime soft drink beverages. Injunctive relief against the use of the UP portion of BUBBLE UP is sought (Plfs' A. p. 13). Also prayed for were an accounting of profits and damages (Plfs. A. pp. 5-15). Defendants answered with a general denial and affirmative defenses of laches and acquiescence (Plfs'. A. pp. 17-30).

Defendants sought and were granted a separate trial on the issue of laches (Plf's. A. p. 69). Plaintiff moved to modify the order granting a separate trial so that it might proceed with discovery and with the presentation of evidence respecting defendants' alleged intent to trade upon plaintiff's reputation and good will and the alleged public confusion and deception resulting from defendants' use of

UP (Plf's. A. p. 70). The District Court denied plaintiff's motion (Plf's. A. p. 71) and also its subsequent motion to permit application for an interlocutory appeal (Plf's. A. p. 81).

Plaintiff then offered judgment to defendants under Rule 68, Fed. R. Civ. P., respecting the separate trial on the separate issue of laches (Plf's. A. pp. 89-90). The offer was accepted, and the Clerk entered the judgment specified, namely, judgment in favor of defendants on the separate issue of laches (Plf's. A. p. 91).

Following the disposition of the laches issue, defendants moved for judgment on the pleadings, and plaintiff moved to set the case for trial (Plf's. A. pp. 93-94). Defendants' motion, amended to a motion to dismiss, (*i. e.*, summary judgment) (Plf's. A. p. 95), was granted dismissing the complaint (Plf's. A. p. 96) and plaintiff's motion to set the case for trial accordingly was denied (Plf's. A. p. 97).

Plaintiff appealed from the order dismissing its complaint, and defendants appealed from the denial of injunctive relief against plaintiff and from the order requiring each party to bear its own costs (Plf's. A. pp. 98-99). Subsequent to the filing of both notices of appeal, the District Court entered Findings of Fact and Conclusions of Law proposed by defendants (Plf's. A. pp. 100-103). Plaintiff moved to expunge those Findings of Fact and Conclusions of Law, but this motion was also denied (Plf's. A. pp. 103-104).

The Court of Appeals affirmed the judgment of the District Court (App. B., *infra*, p. 23). Plaintiff's Petition for Rehearing was denied (App. C., *infra*, p. 25).

## VI.

## REASONS FOR GRANTING THE WRIT.

### A. The Decision Below Conflicts With Those of This Court and the Other Circuits Holding That Laches Does Not Bar Injunctive Relief in Trademark Cases.

The decision of the court below, affirming the summary dismissal of the complaint, directly conflicts with the decisions of this Court which hold that laches, although precluding recovery for damages and profits, does not bar injunctive relief when there is continuing confusion resulting from intended trademark infringement. This Court, in *McLean* v. *Fleming*, 96 U. S. 245 (1877), considered the defense of "inexcusable laches" of more than twenty years in a trademark infringement action and held, at page 258:

> "Acquiescence of long standing is proved in this case, and inexcusable laches in seeking redress, which show beyond all doubt that the complainant was not entitled to an account nor to a decree for gains or profits; but infringement having been proven, showing that the injunction was properly ordered, he is entitled to the costs in the Circuit Court; but the decree for an account and for the supposed gains and profits being erroneous, the respondent, as appellant, is entitled to costs in this court."

In *Menendez* v. *Holt*, 128 U. S. 514 (1888), this Court reconsidered the general proposition that laches is no bar to injunctive relief in trademark actions and held, at page 523:

> "Counsel in conclusion earnestly contends that whatever rights appellees may have had were lost by *laches;* and the desire is intimated that we should reconsider *McLean* v. *Fleming*, 96 U. S. 245, so far as it was therein stated that even though a complainant were guilty of such delay in seeking relief upon infringe-

ment as to preclude him from obtaining an account of gains and profits, yet, if he were otherwise so entitled, an injunction against future infringement might properly be awarded. We see no reason to modify this general proposition, and we do not find in the facts as disclosed by the record before us anything to justify us in treating this case as an exception.

"The intentional use of another's trade-mark is a fraud; and when the excuse is that the owner permitted such use, that excuse is disposed of by affirmative action to put a stop to it. Persistence then in the use is not innocent; and the wrong is a continuing one, demanding restraint by judicial interposition when properly invoked."

The rationale is clear. Laches only defeats the right to recover for past infringements. It does not bar injunctive relief against continuing trade-mark infringement and future unfair competition. At page 524, this Court stated:

"So far as the act complained of is completed, acquiescence may defeat the remedy on the principle applicable when action is taken on the strength of encouragement to do it, but so far as the act is in progress and lies in the future, the right to the intervention of equity is not generally lost by previous delay, in respect to which the elements of an estoppel could rarely arise."

Also holding that laches can be no defense in actions for trademark infringement and unfair competition, if the facts disclose intentional and deliberate deception of the public, are this Court's decisions in *Hanover Milling* v. *Metcalf*, 240 U. S. 403, 419 (1916) and *United Drug Co.* v. *Rectanus Co.*, 248 U. S. 90, 102 (1918).

The trial court below twice denied plaintiff its right to trial of the issues of continuing, future, and intended deception and confusion of the public (Plf's. A., pp. 71, 96-97). The courts below had properly before them

on the issue of laches only the terms of the offered, accepted and entered judgment under Rule 68, which reads:

> "That judgment be and hereby is entered for defendants on the separate issue of laches" (Plf's. A. p. 91).

Thus, in affirming the summary dismissal by the trial court of plaintiff's claims of continuing, intended deception, the court below has held, contrary to the above explicit adjudications of this Court, that plaintiff's laches summarily bars injunctive relief. In so holding the court is also in direct conflict with the decisions of the other Circuits:

*San Francisco Ass'n for the Blind* v. *Industrial Aid*, 152 F. 2d 532, 537 (8th Cir. 1946).

*Stork Restaurant* v. *Sahati*, 166 F. 2d 348, 363 (9th Cir. 1948).

*Rothman* v. *Greyhound Corporation*, 175 F. 2d 893, 895 (4th Cir. 1949).

*Grove Laboratories* v. *Brewer & Co.*, 103 F. 2d 175, 185 (1st Cir. 1939).

*Reid Murdoch & Co.* v. *H. P. Coffee Co.*, 48 F. 2d 817, 820 (8th Cir. 1931).

*Layton Pure Food Co.* v. *Church & Dwight Co.*, 182 Fed. 35, 41 (8th Cir. 1910).

*Safeway Stores* v. *Dunnell*, 172 F. 2d 649, 656 (9th Cir. 1949).

*Brooks Bros.* v. *Brooks Clothing of California*, 158 F. 2d 798 (9th Cir. 1947), affirming and adopting 60 F. Supp. 442, 458 (S. D. Cal. 1945).

*Middleby-Marshall Oven Co.* v. *Williams Oven Mfg. Co.*, 12 F. 2d 919, 921 (2nd Cir. 1926).

Moreover, the court below has, in effect, reversed its own previous holdings that laches does not bar injunctive relief in trademark cases:

*Dr. Peter H. Fahrney & Sons Co.* v. *Ruminer*, 153 Fed. 735, 737 (7th Cir. 1907).

*A. E. Staley Mfg. Co.* v. *Staley Milling Co.*, 253 F. 2d 269, 279 (7th Cir. 1958).

*Independent Nail & Packaging Co.* v. *Stronghold Screw Prod.*, 205 F. 2d 921, 927 (7th Cir. 1953).

*Mantle Lamp Co. of America* v. *Aladdin Mfg. Co.*, 78 F. 2d 426, 429 (7th Cir. 1935).

The lower court's opinion relies upon that in *French Republic* v. *Saratoga Vichy Spring Co.*, 191 U. S. 427 (1903), and states that this Court "ruled that all relief should be denied in a trademark case where plaintiff had acquiesced for some thirty years in defendant's use of the word 'Vichy' in marking mineral waters." (App. A., *infra*, p. 22.) The statement indicates, however, that the *Vichy* case was misconstrued by the court below in two material respects. First, all relief was not denied in the case, since the injunction against the deceptive use of "Vichy" on the neck label was not before this Court and was not disturbed (p. 440). Second, this Court clearly relied upon the fact that "Vichy" no longer functioned as a trademark, but instead had become the generic term describing the waters. This Court stated, at page 437:

> "In fact they had allowed the name to become generic and indicative of the character of the waters."

Following such a finding, there was no room for further consideration of confusion arising out of "Vichy". Since "Vichy" had been held to have become generic, by definition it no longer indicated source and the use of it by another could no longer confuse as to source. Moreover, this Court recognized at page 439 that a showing of fraud or intentional deception would vitiate a defense of laches:

> "But conceding that the defense of laches would not be available, in a case of actual fraud, or an attempt to foist upon the public the waters of the defendant as those of the original Vichy spring, *Mc-*

> *Intire* v. *Pryor*, 173 U. S. 38; *Saxlehner* v. *Eisner & Co.*, 179 U. S. 19; *Prevost* v. *Gratz*, 6 Wheat. 481, 497; *McLean* v. *Fleming*, 96 U. S. 245; *Menendez* v. *Holt*, 128 U. S. 514, we find but little evidence of such purpose in this record."

This Court concluded its opinion at page 441 by noting that the record revealed neither confusion nor fraud:

> "Applying this doctrine to the case under consideration we are clearly of the opinion that there is no such similarity in the labels as at present used, and that there is no such fraud shown in the conduct of the defendant as would authorize us to say that plaintiffs are entitled to relief."

Unlike the present case, the "Vichy" case came to this Court after a full trial. That trial disclosed not only the absence of confusion, but also the absence of any possibility of confusion, because of the finding that the word "Vichy" had become generic. Moreover, it disclosed the absence of fraud. This Court's opinion shows that it specifically relied upon these elements in considering the effect of plaintiff's laches in denying relief. Unless plaintiff in the present case is afforded a trial and the right to offer evidence on the issues of confusion and intent to defraud, these facts are left only to speculation.

The lower court apparently reasoned in the present case that it was entitled to look beyond plaintiff's accepted offer of judgment on the laches issue and to consider preliminary materials filed in support of the preliminary motion for separate trial on laches. But, as plainly appears from the decisions cited above, the rule of this Court, of the other Circuits, and previously of the Seventh Circuit, is that laches does not bar injunctive relief against the continuing, deceptive torts of intended trademark infringement. Thus, the lower court's decision is either in direct conflict with the decisions of this Court and those of the other Cir-

cuits, or the court has summarily decided in the negative the alleged factual issues of intentional, continuing public deception without benefit of any trial of those issues. Since there is no indication in the lower court's opinion that it summarily ruled upon the merits of the issues of the alleged intentional deception and confusion arising out of defendant's accused use, and since any such ruling would have been plainly erroneous, it must be concluded that the decision is a conflicting one.

As appears from the above decisions, previously the law in trademark cases has been well settled respecting the right to injunctive relief despite laches when intended, continuing deception appeared. Now, however, the lower court's decision has entirely unsettled the law on this constantly arising question. Settlement and resolution of the conflict is plainly in the public interest, because the question repeatedly arises in trademark cases due to the natural reluctance to sue for trademark infringement until public confusion has become commercially intolerable.

In relatively recent years our economy has evolved into one of national markets and national advertising. Competition for such markets depends wholly upon the identifying device of trademarks to connect the goods with their source and the resultant goodwill with its owner. Without the sanctity of rights afforded by our law of trademarks, our competitive economy obviously could not exist. Thus, an unresolved conflict as to so basic and common a question as the effect of laches upon trademark rights is a question deserving consideration by this Court.

**B. The Decision Below Conflicts With Those of the Other Circuits Holding That the Courts Have a Duty to Protect the Public Against Trademark Deception.**

The Courts of Appeal of the other Circuits, and previously the court below, have repeatedly recognized their duty to protect the public from the use of any trademark likely to cause confusion as to source among purchasers. 15 U. S. C. 1114(1) (App. D, *infra*, p. 26). They have likewise held that laches does not negate that duty to protect the public from confusion, deception and mistake. In *Scott Paper Co.* v. *Marcalus Co.*, 326 U. S. 249, 257 (1945), a patent case, this Court held:

> "For no more than private contract can estoppel be the means of successfully avoiding the requirements of legislation enacted for the protection of the public interest."

The above was quoted and followed in the recent trademark case, *A. E. Staley Mfg. Co.* v. *Staley Milling Co.*, 253 F. 2d 269, 279 (7th Cir. 1958), wherein a different panel of the court below held that laches and estoppel did not bar injunctive relief. Likewise holding that the courts have a duty to protect the public from trademark confusion are: *Stahly, Inc.* v. *M. H. Jacobs Co.*, 183 F. 2d 914, 917 (7th Cir. 1950); *Rosenberg Bros. & Co.* v. *Elliott*, 7 F. 2d 962, 966 (3rd Cir. 1925); *Florence Mfg. Co.* v. *J. C. Dowd & Co.*, 178 Fed. 73, 75 (2d Cir. 1910); *Stork Restaurant* v. *Sahati*, 166 F. 2d 348, 363 (9th Cir. 1948); *San Francisco Ass'n for the Blind* v. *Industrial Aid*, 152 F. 2d 532, 537 (8th Cir. 1946); and *Safeway Stores* v. *Dunnell*, 172 F. 2d 649, 656 (9th Cir. 1949).

Implicit in the lower court's present decision is either an extra-judicial determination that the alleged confusion does not exist, or a judicial decision that it may be disregarded. Both alternatives are untenable. Plaintiff was

twice denied trial of that issue by the District Court. It being unreasonable to presume that the court erred so gravely as to have decided that factual issue either negatively or affirmatively without any evidence, there is left then the only other alternative, namely, that the court disregarded its previously recognized duty to protect the public from the alleged trademark deception. Thus, the lower court's decision is in direct conflict with the above decisions of the other Circuits. The question is manifestly of public interest deserving the consideration of this Court, because it is indeed the public interest itself which has been disregarded.

Just as the Federal Trade Commission may not be barred in its efforts to enjoin deceptive labeling against which it may have long delayed in seeking the protection of the public required by that Act, so plaintiff's failure to proceed earlier against a deceptive trademark user should not relieve the court of its duty to protect the public from such deception. No amount or kind of laches, acquiescence or other negligence of plaintiff should afford defendants the right to deceive and defraud the public, or that portion of the public which buys soft drinks. Whether the public actually suffers such deception is a question of fact, and it is of this fact question which the courts below have refused plaintiff trial.

Two separate rights are involved—the right of the trademark owner and the right of the public not to be confronted with deceiving merchandise. Whatever the court may decide as to the private right to recover for past infringements, it may not properly disregard the public interest. This Court has not previously spoken on this important judicial obligation. Now, however, the disavowal implicit in the lower court's decision calls for the expression of this Court's views.

### C. The Decision Below Materially Diminishes the Beneficent Provisions of Rule 68 of the Federal Rules of Civil Procedure.

Pursuant to Rule 42(b), Fed. R. Civ. P., defendants were granted separate trial by the District Court of the issue of laches raised in their affirmative defense (Plf's. A. p. 69). Plaintiff sought modification of that order to permit it to prove in that separate trial the facts as to confusion and intended deception, arguing that as to injunctive relief the law required that the facts as to confusion and intent be considered as essential to a proper determination of the legal effect of laches in a trademark case (Plf's. A. p. 70). The court denied plaintiff's motion (Plf's. A. p. 71), however, and subsequently plaintiff offered judgment "for defendants on the separate issue of laches" (Plf's. A. pp. 89-90) which was accepted and entered in those terms (Plf's. A. p. 91). Defendants then sought dismissal of the complaint on the ground that the laches judgment disposed of the case (Plf's. A. p. 93), and plaintiff sought trial of the remaining issues of confusion and intended deception of the public on the ground that laches barred only monetary recovery for past infringements but not injunctive relief against continuing, future trademark confusion and deception (Plf's. A. p. 94). The courts below sustained defendants' position, and thus plaintiff has never had trial or consideration of the fact issues of confusion and intended deception.

In reaching its decision that plaintiff's laches was of such a character that plaintiff was guilty of "much more than mere delay" and of "prolonged and inexcusable" laches (App. A., *infra*, p. 21), the court below necessarily considered and relied upon discovery materials not offered in evidence and claims and statements appearing in affidavits filed in support of defendants' preliminary motion for a

separate trial on laches. Yet, only the terms of the accepted, agreed-upon judgment which disposed of the laches issue were properly before the court. As to that issue, the terms of that offered and accepted judgment are unvariable. It is an agreed order which is final and unappealable by either party on the laches issue which it laid to rest.

Obviously, neither of the courts below had the power to vary the terms of the offered, accepted and entered judgment on the laches issue. Yet plaintiff did not offer a judgment of laches "so prolonged and inexcusable that it would be inequitable to permit the plaintiff to seek injunctive relief as to future activities" (App. A., *infra*, p. 21). It did not offer judgment of laches involving "much more than mere delay" (App. A., *infra*, p. 21).

The court below reviewed "the conduct of plaintiff pertaining to the issue of laches" (App. A., *infra*, p. 18) despite the specific terms of plaintiff's offered and accepted judgment. The court accordingly treated that agreed-upon judgment as though plaintiff had agreed to being adjudged guilty of gross, aggravated, inexcusable laches, or as though a trial had occurred on the issue of laches and plaintiff had been found guilty of gross, aggravated, inexcusable laches, both of which are contrary to the fact.

An accepted and entered offer of judgment is manifestly an agreed order or judgment on the issue it encompasses. When the parties have agreed to a certain form of judgment to dispose of an issue which is a part of a controversy, and that judgment has been entered, for a court subsequently to vary the terms of that judgment is to reform an agreement between the parties. The judgment of the court below, holding plaintiff guilty of "much more than mere delay" (App. A., *infra*, p. 21), goes far beyond the terms of the accepted judgment on laches and unfairly modifies the terms of that final, unappealable judgment entered by agreement of the parties.

The offer of judgment provisions of Rule 68, Fed. R. Civ. P., which were clearly designed to facilitate the expeditious disposition of issues and controversies, have never been construed by this Court. Variation of the terms of such offered and accepted judgments, which is the plain result of the lower court's decision, raises a serious question with sweeping implications. If such varying construction of an agreed judgment is permitted to stand, the beneficent provisions of Rule 68 are materially diminished. This is a question meriting the supervisory consideration of this Court.

**D. The Decision Below Materially Diminishes the Statutory Right of Incontestability Afforded by the United States Trademark Act.**

Although argued in the parties' briefs, the court below did not refer in its opinion to the fact that plaintiff's federal registrations of its trademark have become incontestable under the provisions of the Lanham Trademark Act, 15 U. S. C. 1065. Being incontestable, the registrations are "conclusive evidence of the registrant's exclusive right to use the registered mark." 15 U. S. C. 1115(b) (App. IV, *infra*, p. 26). Since plaintiff has such an exclusive right, and since laches is omitted from the defenses specifically enumerated by the statute, laches cannot be a defense to infringement of plaintiff's statutory rights. In *Apple Growers Association* v. *Pelletti Fruit Company*, 153 F. Supp. 948 (N. D. Cal. 1957), the court held, at page 951:

> "As to the equitable defenses of laches, estoppel and acquiescence asserted by defendant, such defenses are not available as against allegations of infringement of trademarks which have become incontestable under the appropriate provisions of the Lanham Act, but in any event there is no credible evidence in this case to support any of the alleged defenses."

To the same effect is *Richard Hudnut* v. *DuBarry of Hollywood, Inc.*, F. Supp. , 127 USPQ 486, 489 (S. D. Cal. 1960).[1]

This Court has never construed the incontestability or other substantive provisions of the Lanham Trademark Act of 1946. The laches question raised here embraces the basic rights of all of the many thousands of owners of incontestable, federally registered trademarks and therefore deserves the expression of this Court's views.

## VII.

For the foregoing reasons, this petition for a writ of certiorari should be granted.

Respectfully submitted.

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1. In *Polaroid Corp.* v. *Polarad Electronics Corporation*, 182 F. Supp. 350, 356 (E. D. N. Y. 1960), the court held *contra* but mistakenly stated that the defense of laches was applicable only because it came within the exceptions provided in Section 1065 of the Act. Reference to the Act discloses the court's error. Although 15 U. S. C. 1065 does afford specific exceptions to the incontestable right to the exclusive use of a trademark, contrary to the court's statement, laches is not one of those exceptions.

## APPENDIX A.

IN THE UNITED STATES COURT OF APPEALS
For the Seventh Circuit

September Term and Session, 1960

No. 12921
THE SEVEN-UP COMPANY,
*Plaintiff-Appellant.*
v.
O-SO-GRAPE CO., et al.,
*Defendants-Appellees.*

No. 12922
THE SEVEN-UP COMPANY,
*Plaintiff-Appellee.*
v.
O-SO-GRAPE CO., et al.,
*Defendants-Appellants.*

Appeals from the United States District Court for the Southern District of Illinois, Northern Division.

October 12, 1960

Before DUFFY, SCHNACKENBERG and KNOCH, *Circuit Judges.*

DUFFY, *Circuit Judge.* This is a suit for trademark infringement, unfair competition and trademark dilution respecting plaintiff's registered trademark "Seven-Up (7-Up)." Plaintiff complains of defendants' use of the trademark "Bubble Up." Injunctive relief was asked against the "Up" portion of "Bubble Up." Accounting and damages were also asked by plaintiff.

Defendants answered with a general denial and affirmative defenses of laches and acquiescence. Under Rule 42(b), Federal Rules of Civil Procedure, defendants moved for a separate trial on the issue of laches. Extensive oral arguments were made and extensive briefs were submitted to the trial court which, on September 30, 1959, decided that there should be a separate trial on the issue of laches. The decision was accompanied by an exhaustive and detailed opinion.

Plaintiff then offered judgment to the defendants upon the separate issue of laches. The offer was accepted, and the clerk entered judgment in favor of defendants upon that issue.

Defendants moved for a judgment on the pleadings, and plaintiff moved to set the case for trial. Defendants then moved to amend their motion for judgment on the pleadings so as to convert it to a motion to dismiss, and for injunctive relief against plaintiff. The District Court granted the motion to amend and then granted the motion to dismiss the complaint. It refused to issue an injunction against plaintiff, and ordered the costs to be borne by plaintiff and defendants.

Plaintiff appealed from the order dismissing its complaint and defendants appealed from the denial of injunctive relief against plaintiff, and also from the order requiring each party to bear its own costs.

Plaintiff concedes that its laches precludes it from recovery of any past damages and profits. It claims, however, to be entitled to injunctive relief against the alleged continuing deception, unfair competition and trademark infringement. Plaintiff argues that the judgment against it based upon laches in no way justified the trial court in denying an injunction to prevent future infringement. It, therefore, becomes necessary to review the conduct of plaintiff pertaining to the issue of laches.

On October 2, 1942, plaintiff, Seven-Up Company, filed a suit in the United States District Court at St. Louis, Missouri, against the Cheer Up Sales Company of St. Louis, alleging the registered trademark "Cheer Up" infringed plaintiff's trademark "Seven-Up (7-Up)." On the same day in the same court, plaintiff filed a similar suit charging the registered trademark "Natural Set Up" infringed plaintiff's registered trademark "Seven-Up (7-Up)." About ten months thereafter, in the same court, plaintiff commenced a suit against Leroy O. Schneeberger, doing business as Bubble Up Company, alleging the trademark "Bubble Up" infringed the plaintiff's trademark "Seven-Up (7-Up)."

The case involving the trademark "Cheer Up" was fully tried. The judgment was adverse to plaintiff, the Court deciding that the trademark "Cheer Up" did not infringe the trademark "Seven-Up (7-Up)" and was not confusingly similar thereto. The Seven-Up (7-Up) Company appealed to the Circuit Court of Appeals of the Eighth Circuit, which affirmed.[1] Thereafter, the Seven-Up (7-Up) Company petitioned for certiorari. This was denied.[2] Plaintiff then filed a petition for a bill of review in the Eighth Circuit Court of Appeals. This was denied.[3] A petition for certiorari was again denied.[4]

After this series of reverses, plaintiff voluntarily dismissed its suit against the then owner of the mark "Bubble Up". The order of dismissal was dated March 13, 1946. Plaintiff also dismissed its suit which charged that the mark "Natural Set Up" infringed its mark.

The suit pending in St. Louis involving the trademark

1. 148 F. 2d 909.
2. 326 U. S. 727.
3. 153 F. 2d 231.
4. 329 U. S. 717.

"Bubble Up" was fully at issue before it was dismissed. In the thirteen years following such dismissal, plaintiff herein gave no notice and made no claim, orally or in writing, that the trademark "Bubble Up" was invalid or infringed the trademark "Seven-Up (7-Up)."

Between January 14, 1955 and October 18, 1955, the attorneys for the plaintiff and the defendants herein exchanged friendly correspondence which had the objective of cooperation of defendants in the use of its trademark "Bubble Up" to the end that the suffix "Up" would not become generic. During this period, no claim was made by plaintiff that the trademark "Bubble Up" was invalid or infringed plaintiff's trademark.

Defendants filed a motion to dismiss the instant appeal on the ground the judgment sought to be reviewed is essentially the one to which plaintiff consented and which was invited by plaintiff's offer of judgment. We ordered the motion to dismiss to be taken with the case.

We may assume that before the plaintiff agreed to a judgment against it on the issue of laches, plaintiff's attorneys had read the opinion of the trial court on the motion for a separate trial. Among statements appearing in that opinion was: "That estimate of economy in time appeals to the court if it appears likely that a decision on the laches issue in favor of defendants would probably be decisive of all issues in the case. * * * The court is not disposed to order a separate trial of the issues, however, unless it is to be reasonably anticipated that disposition of the laches issue in defendants' favor would place this litigation at rest." *Seven-Up Company* v. *O-So-Grape Co.*, 177 F. Supp. 91, 93. The Court further stated, at page 100: "It appears to the court that the defense of laches, if proved, would act as a bar to essentially all of plaintiff's claims."

When plaintiff's attorneys thereafter offered to permit judgment to be taken against plaintiff on the issue of laches, they knew that after such a judgment was entered, the trial court was likely to regard the litigation as ended. Nevertheless, we reject the argument of defendants that the judgment issued as to laches was necessarily final in the determination of the issues in the case at bar. We deny the motion to dismiss the appeal, and now proceed to consider the case upon the merits.

Mere delay in bringing suit ordinarily does not affect the right to an injunction against further use of an infringed trademark. *Independent Nail & Packing Co., Inc.*, v. *Stronghold Screw Products, Inc.*, 7 Cir., 205 F. 2d 921, 927; *Mantle Lamp Co. of America* v. *Aladdin Mfg. Co.*, 7 Cir., 78 F. 2d 426, 429. Laches does not necessarily constitute a conclusive and automatic bar to injunctive relief in trademark actions. However, in many instances, the delay may be so prolonged and inexcusable that it would be inequitable to permit the plaintiff to seek injunctive relief as to future activities.

In *Boris* v. *Hamilton Manufacturing Company*, 7 Cir., 253 F. 2d 526, 529, we said: "Laches is an equitable doctrine, not fixed by any unyielding measure, but to be determined in each case under its factual situation, and allowable 'where the enforcement of the asserted right would work injustice.' "

In the case at bar, much more than mere delay is present. In the thirteen years following the dismissal of its suit charging "Bubble Up" infringed its trademark, plaintiff did more than merely acquiesce in defendant's use of "Bubble Up." It would be highly inequitable to permit plaintiff at this late date, to seriously damage, if not destroy, defendants' business by use of injunctive relief.

In *French Republic* v. *Saratoga Vichy Spring Co.*, 191

U. S. 427, the Supreme Court ruled that all relief should be denied in a trademark case where plaintiff had acquiesced for some thirty years in defendant's use of the word "Vichy" in marking mineral waters. Although a shorter period of time is involved in the case at bar, the equities more strongly demand that injunctive relief be denied. We hold the trial court was correct in dismissing the complaint and action herein.

Defendants appeal from the denial of the trial court to issue an injunction restraining plaintiff from bringing future vexatious litigation on the same issues. We think it was within the discretion of the trial court to deny this motion.

Defendants also appeal on the matter of costs. It is well settled, the awarding of costs is within the discretion of the trial court. We do not find any abuse of that discretion.

Judgment

AFFIRMED.

## APPENDIX B.

IN THE UNITED STATES COURT OF APPEALS
For the Seventh Circuit
Chicago 10, Illinois.

Wednesday, October 12, 1960

Before

Hon. F. Ryan Duffy, Circuit Judge.
Hon. Elmer J. Schnackenberg, Circuit Judge.
Hon. Win G. Knoch, Circuit Judge.

No. 12921
THE SEVEN-UP COMPANY,
*Plaintiff-Appellant,*
v.
O-SO-GRAPE CO., et al.,
*Defendants-Appellees.*

No. 12922
THE SEVEN-UP COMPANY,
*Plaintiff-Appellee,*
v.
O-SO-GRAPE CO., et al.,
*Defendants-Appellants.*

Appeals from the United States District Court for the Southern District of Illinois, Northern Division.

This cause came on to be heard on the transcript of the record from the United States District Court for the Southern District of Illinois, Northern Division, and was argued by counsel.

On consideration whereof, it is ordered and adjudged by this court that the judgment of the said District Court in

this cause appealed from be, and the same is hereby, AFFIRMED, in accordance with the opinion of this Court filed this day.

It is further ordered and adjudged by this Court that there be no recovery of costs on appeal between the parties.

## APPENDIX C.

IN THE UNITED STATES COURT OF APPEALS
For the Seventh Circuit,
Chicago 10, Illinois.

Friday, November 18, 1960.

Before

Hon. F. Ryan Duffy, Circuit Judge,
Hon. Elmer J. Schnackenberg, Circuit Judge,
Hon. Win. G. Knoch, Circuit Judge.

THE SEVEN-UP COMPANY,
*Plaintiff-Appellant,*

No. 12921 v.

O-SO-GRAPE CO., *et al.*,
*Defendants-Appellees.*

Appeal from the United States District Court for the Southern District of Illinois, Northern Division.

It is ordered by the Court that the petition for a rehearing of this cause be, and the same is hereby, DENIED.

## APPENDIX D.

**15 U. S. C. 1114(a):**

Any person who shall, in commerce, (a) use, without the consent of the registrant, any reproduction, counterfeit, copy, or colorable imitation of any registered mark in connection with the sale, offering for sale, or advertising of any goods or services on or in connection with which such use is likely to cause confusion or mistake or to deceive purchasers as to the source of origin of such goods or services; or (b) reproduce, counterfeit, copy, or colorably imitate any such mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles, or advertisements intended to be used upon or in connection with the sale in commerce of such goods or services, shall be liable to a civil action by the registrant for any or all of the remedies hereinafter provided, except that under subsection (b) hereof the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such mark is intended to be used to cause confusion or mistake or to deceive purchasers.

**15 U. S. C. 1115(b):**

If the right to use the registered mark has become incontestable under section 15 hereof, the certificate shall be conclusive evidence of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate subject to any conditions or limitations stated therein except when one of the following defenses or defects is established:

(1) That the registration or the incontestable right to use the mark was obtained fraudulently; or

(2) That the mark has been abandoned by the registrant; or

(3) That the registered mark has been assigned and is being used, by or with the permission of the assignee, so as to misrepresent the source of the goods or services in connection with which the mark is used; or

(4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a trade or service mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe to users the goods or services of such party, or their geographic origin; or

(5) That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party or those in privity with him from a date prior to the publication of the registered mark under subsection (a) or (c) of section 12 of this Act: *Provided, however,* That this defense or defect shall apply only for the area in which such continuous prior use is proved.

(6) That the mark whose use is charged as an infringement was registered and used prior to the publication under subsection (a) or (c) of section 12 of this Act of the registered mark of the registrant, and not abandoned: *Provided, however,* That this defense or defect shall apply only where the said mark has been published pursuant to subsection (c) of section 12 and shall apply only for the area in which the mark was used prior to the date of publication of the registrant's mark under subsection (a) or (c) of section 12 of this Act.

(7) That the mark has been or is being used to violate the anti-trust laws of the United States.

**15 U. S. C. 1122:**

Writs of certiorari may be granted by the Supreme Court of the United States for the review of cases arising under this Act in the same manner as provided for in cases under the patent laws.

**Rule 68, Fed. R. Civ. P.:**

At any time more than 10 days before the trial begins, a party defending against a claim may serve upon the adverse party an offer to allow judgment to be taken against him for the money or property or to the effect specified in his offer, with costs then accrued. If within 10 days after the service of the offer the adverse party serves written notice that the offer is accepted, either party may then file the offer and notice of acceptance together with proof of service thereof and thereupon the clerk shall enter judgment. An offer not accepted shall be deemed withdrawn and evidence thereof is not admissible except in a proceeding to determine costs. If the judgment finally obtained by the offeree is not more favorable than the offer, the offeree must pay the costs incurred after the making of the offer. The fact that an offer is made but not accepted does not preclude a subsequent offer.